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WRITTEN TESTIMONY REGARDING H.B. 6372 and S.B. 833

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I am the Deputy Director of the National Consumer Law Center (NCLC), a non-profit organization founded in 1969 to advance protections for low-income and elderly consumers in the United States. Our main office is located in Boston, Massachusetts. We provide advice, analysis, and training to attorneys representing consumers around the country and frequently present written and oral testimony and analysis in Congress, before the federal agencies, and in state legislatures. Our 20-volume series of consumer law treatises includes *Collection Actions* (5th ed. 2020) and *Repossessions* (9th ed. 2017). We also publish reports on the status of consumer protections in the states, including [*No Fresh Start in 2020: Will States Let Debt Collectors Push Families into Poverty in the Wake of a Pandemic?*](#) (Oct. 2020), which analyzes laws in the 50 states that protect debtors' earnings and assets from seizure by creditors. This testimony focuses on H.B. 6372 and S.B. 833 because they relate to protection of debtors' income and assets from seizure by creditors, an area of particular concern for NCLC and on which we have published extensively.

H.B. 6372 will greatly benefit consumers in the state by automatically protecting the first \$1000 in a debtor's bank account from seizure by a judgment creditor. Currently Connecticut provides an automatic protection for this amount only for accounts into which readily-identifiable wages, Social Security benefits, or certain other benefits are electronically deposited. As a result, the protection does not apply to workers whose wages are not electronically deposited or readily identifiable as wages. Nor does it protect retirees whose pension payments do not fall into one of the categories in the current law. H.B. 6372 will correct these inequities.

Bank account garnishments cause a great deal of harm to debtors. A bank account garnishment often causes the debtor's outstanding checks—checks for rent, utilities, car payments, daycare—to bounce, because the money the debtor was counting on to cover the checks is removed from the account. Bounced checks for any of these expenses can create chaos for a family, including eviction or repossession of the family car. Another result is a cascade of bounced check fees, which can end up barring a debtor from the mainstream banking system. A self-executing protection for the first \$1,000 in the account will greatly reduce these harms.

By ensuring automatic protection of the first \$1,000 in all accounts, H.B. 6372 will also reduce the burden on banks. If the balance in an account is \$1,000 or less, the bank will no longer have to determine whether the account is receiving electronic deposits and whether those deposits fall

into the limited categories in the current law, because the first \$1,000 will be protected regardless of its origin. A self-executing protection will reduce the burden on courts, which will not have to adjudicate as many exemption claims.

In [*No Fresh Start 2020*](#), NCLC rated the states based on, among other things, whether they protected a basic amount in a bank account from seizure by creditors. Connecticut rated a “C” – lower than all its neighboring states except Rhode Island. New York has an automatic, self-executing protection for \$2664 to \$3600, depending on the location within the state,¹ and Massachusetts has an automatic protection for \$2,500.² H.B. 6372 would bring Connecticut more in line with these neighboring states. California also has a self-executing protection, for \$1,788,³ and Delaware prohibits bank account garnishment altogether.⁴

S.B. 833 brings needed updates to the existing restriction on deficiency judgments. Connecticut currently prohibits deficiency judgments when a car purchased for \$4000 or less is repossessed. This figure is unreasonably low given the increase in the cost of cars since the law was enacted. Updating the figure to \$9000 makes it a much more realistic protection. Importantly, S.B. 833 also provides for the \$9000 figure to be adjusted periodically to reflect changes in the cost of living, so that it will not be eroded due to inflation in the future.

Thank you for your consideration of this testimony.

¹ N.Y.C.P.L.R. § 5205.

² Mass. Gen. Laws Ch. 246, § 28A (“Upon service of a trustee summons, the trustee shall answer as subject to attachment only so much money of the defendant that exceeds \$2,500”). See also Mass. Gen. Laws Ch. 235, § 34(15).

³ Cal. Civ. Proc. Code § 704.220.

⁴ Del. Code Ann. tit. 10, § 3502(b).